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DEPARTMENT FOR WHA/CAR, WHA/AND, WHA/EPSC, AND  
EEB/ESC/IEC/EPC  
CARACAS FOR ANDREW BOWEN  
SOUTHCOM ALSO FOR POLAD

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TAGS: [ECON](#) [ENRG](#) [PREL](#) [PGOV](#) [PHUM](#) [PINR](#) [XL](#) [VE](#)  
SUBJECT: "ALBA" GAINS MOMENTUM IN THE EASTERN CARIBBEAN,  
SORT OF

REF: A. A) 07 BRIDGETOWN 228  
[1](#)B. B) 08 CARACAS 118

Classified By: DCM O.P. Garza for reasons 1.4 (b) and (d).

[1](#)1. (SBU) Summary: Following the participation of three Eastern Caribbean heads of government at the sixth Bolivarian Alternative for the Americas (ALBA) summit in Caracas in late January 2008, the organization's influence in the region is making headlines and appears to be picking up steam. Dominica's Prime Minister Roosevelt Skerrit confirmed that it has become a full member of ALBA, though St. Vincent and the Grenadines and Antigua and Barbuda have stopped short of committing to full membership, citing a legal conflict with CARICOM's Treaty of Chagoramas. While these Eastern Caribbean leaders seem eager to benefit from the financial incentives offered by ALBA (in addition to those from Petrocaribe), Chavez's incendiary comments calling for an anti-U.S. military alliance make committing to ALBA awkward, to say the least. Dominica's business community has likewise expressed concern that the country's participation in ALBA will hurt investor confidence. End Summary.

[1](#)2. (U) During Venezuelan President Hugo Chavez's February 2007 visit to the Eastern Caribbean, Dominica, Antigua & Barbuda, and St. Vincent and the Grenadines signed a statement agreeing to the principles of the Bolivarian Alternative for the Americas (Ref A). Heads of government from the three nations subsequently traveled to Caracas to participate in the sixth ALBA summit in Caracas on January 25, 2008. According to press reports, Dominica officially joined ALBA as a full member, with this declaration currently under review with its cabinet. The summit subsequently made headlines throughout the Eastern Caribbean, as did Hugo Chavez's comments on his weekly radio call-in show calling for an anti-U.S. military alliance and praising Iran. Commentators such as Trinidad's Rickey Singh questioned Dominica's participation in the trade aspects of ALBA, and pointed to the developments as a threat to the Caribbean's efforts at regional integration.

SVG AND A&B NOT QUITE READY TO GET ON BOARD

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13. (C) In a private conversation with the Ambassador on January 29 (septel), St. Vincent and the Grenadines Prime Minister Ralph Gonsalves praised some of the benefits of ALBA to Eastern Caribbean nations. In reference to SVG's initial signing on to the principles of ALBA in February 2007, PM Gonsalves said that "the principles of ALBA are like the principles of motherhood--everyone can agree to them." He praised the Petrocaribe component of ALBA, mentioning that he had recently used USD 5 million from Petrocaribe savings to purchase a crane for Kingstown's port. Gonsalves emphasized that ALBA "does not have a military dimension, and does not have an intelligence dimension."

14. (C) Gonsalves then gave technical, qualified explanations of why his nation is not yet ready to fully join ALBA. Describing Roosevelt Skerrit of Dominica as "jumping the gun" by signing onto the trade aspects of ALBA, Gonsalves pointed out that in doing so, there was a direct conflict with the terms of CARICOM's Treaty of Chagoramas. Gonsalves, a lawyer by training, noted that "treaty arrangements are juridical," and that by allowing bilateral free trade with Venezuela, Dominica would violate the principles of CARICOM's trade agreement. Only by limiting the benefits of free trade under ALBA to exports to "non-reciprocal" free trade (i.e. not allowing duty-free privileges to non-CARICOM members of ALBA) could Dominica respect the terms of the Treaty of Chagoramas. Gonsalves noted that Venezuela had given "assurances and understandings" that CARICOM's agreement would be respected, but both Gonsalves and representatives of Antigua and Barbuda publicly stated that this would have to be made official before the two countries could join Dominica in ratifying ALBA.

15. (C) When the Ambassador pressed Gonsalves on Chavez's remarks calling for an anti-U.S. military alliance, Gonsalves bluntly replied, "that does not arise from ALBA." He emphasized that Eastern Caribbean nations' participation in ALBA is "not an ideological construct", even though it "may be that Daniel (Ortega) and Evo (Morales) share ideation with Chavez." Gonsalves urged the USG to take a realistic point of view of ALBA and the accompanying rhetoric, noting that "Chavez and his Bolivarian revolution has a host of contradictions." He scoffed at the notion of Venezuela attempting to buy influence in the Eastern Caribbean, once again noting the practical gains to be made by the cash-strapped nations of the region, mentioning Venezuelan funding of airports in Dominica and St. Vincent and the newly established ALBA bank, with its USD 1 billion initial capitalization.

16. (SBU) Antigua and Barbuda, for its part, announced that it had signed an agreement for a USD 10 million loan from Venezuela for the construction of over 400 homes for low and middle income earners. The country's non-resident Ambassador to Venezuela Joan Underwood told the local press that despite participating in the housing component of ALBA, the Antiguan government was not ready to full join ALBA until the trade reciprocity issue was resolved.

#### DOMINICA CLARIFIES ITS ALBA MEMBERSHIP

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17. (C) By contrast, in a January 28 telcon with PolOff, Steve Ferrol, Permanent Secretary of Foreign Affairs and Trade, strenuously emphasized that ALBA is no more than a development model for Dominica. According to Ferrol, Dominica joined ALBA for development assistance, not for ideological reasons, nor to play at international politics with Venezuela, Iran, or the United States. Ferrol explained that when a country joins ALBA, it is able to selectively choose to participate in whichever aspects interests it. For example, Dominica wants to benefit in development, housing, and health, but is not interested in aspects that could violate its sovereignty or agreements with CARICOM. Specifically, he stated that Dominica will not agree to any

trade arrangements under ALBA that counter its current agreements with CARICOM. Ferrol further insisted that military alliance comments in the press are untrue. He stated that general explanations of ALBA in the press do not coincide with the actual documentation.

¶8. (C) Sam Raphael, a prominent American businessman in Dominica, informed PolOff that on January 29, PM Skerrit hosted the private sector community to alleviate their fears concerning ALBA. According to Raphael, Skerrit stated that he will make a statement distancing Dominica from Chavez's call for a military alliance. Raphael shared his impression that Skerrit wants to pull back, but cannot pull away too quickly because of Dominica's extensive involvement thus far. Raphael stated that the private community is very concerned with Dominica's deep ties to Venezuela and ALBA, particularly given Chavez's knack of unpredictability. He suggested that continued participation in ALBA will affect the willingness of businesses investing in Dominica.

¶9. (U) For its participation in ALBA, Dominica is first in line to make withdrawals from the ALBA bank once established. Dominica will also have a member on the bank and will be a part of the ministerial council overseeing its operations. Through ALBA, Dominica has now gained duty free access to the Venezuelan market. These are recent benefits, in addition to the over USD 37 million of promised grants in the last two years for runway renovation, housing projects, scholarships, and other projects (partially fulfilled). Venezuela has also promised an USD 80 million oil refinery (promised, but as yet still in the "planning stages.")

Comment

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¶10. (C) While the prospect of three Eastern Caribbean nations forming a large block of ALBA may appear disconcerting, all three seem principally motivated by the prospect of handouts and other financial benefits. The press reactions of Eastern Caribbean leaders and commentators highlight the extent to which these three nations do not want to be ideologically associated with Venezuela and the other ALBA members, but are looking for any way to get quick cash. Despite Gonsalves' legalistic explanations, his (and the government of Antigua and Barbuda's) reticence at fully joining ALBA is likely more related to a fear that they will be perceived to be politically alienating the United States and CARICOM countries. The two nations joining Dominica in ALBA appears to be more a question of when than if, but both nations will continue their political tightrope by succumbing to dollar diplomacy while trying to honor its prior commitments to integration with other Caribbean states and deep traditions of democracy. End Comment.  
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